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April 24, 2007

COPY

Posted: led

Dept: S.A.

Date: 4/25/07

Time: 12:05

VIA HAND DELIVERY

The Honorable Charles L. A. Terreni

Chief Clerk and Administrator

The Public Service Commission of South Carolina

101 Executive Center Drive

Columbia, South Carolina 29210

RE: Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005, Docket No. 2005-386-E

Dear Mr. Terreni:

Enclosed are the original and twenty-five copies (25) copies of the **Testimony of Kenneth Baker** filed on behalf of Wal-Mart in the above referenced docket. By copy of this letter, I am serving all parties of record.

I have enclosed an extra copy of this testimony which I would ask you to date stamp and return to me by my courier.

If you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.

Scott Elliott

RECEIVED

APR 25 2007

PSC SC
DOCKETING DEPT.

SE/jcl

Enclosures

cc: Official Service List (w/encl.)

RETURN DATE: 4/24/07 ok

SERVICE: ok led

TESTIMONY OF KENNETH BAKER

ON BEHALF OF

WAL-MART STORES INC.

DOCKET NO. 2005-386-E

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9 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

10 **A.** My name is Kenneth Baker. My business address is 2001 SE 10th Street, Bentonville,
11 AR 72716. I am employed by Wal-Mart Stores, Inc. as Senior Manager of Sustainable
12 Regulation.

13 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

14 **A.** I received an Associate of Science Degree from Garland County Community College
15 located in Hot Springs, Arkansas, in the early 1980's, a Bachelor of Science Degree from the
16 College of St. Francis located in Joliet, Illinois, in Health Science in 1988, and a Juris Doctor
17 Degree from the University of Arkansas at Little Rock in 1992. I am a registered Medical
18 Laboratory Technologist with the Arkansas Health and Human Services Department. I am also a
19 member of the Arkansas Bar Association. Prior to attending law school, I worked in several
20 medical laboratories throughout the State. Following my graduation from law school, I practiced
21 law for eight years in Little Rock, Arkansas before beginning my career at Wal-Mart. I began
22 working at Wal-Mart in October 1999. The majority of my time at Wal-Mart has been in the
23 Real Estate Department locating sites for Distribution Centers. In October 2006, I began
24 working in the Energy Department.

25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

26 **A.** The purpose of my testimony is to provide the Commission with information concerning
27 the benefits of meters based upon our experience with demand response programs. Specifically,

1 my testimony will cover the narrow area of meter installation, meter ownership, and payment for
2 the meters.

3 **Q. WHAT IS WAL-MART'S EXPERIENCE WITH THE USE OF ADVANCED**
4 **METERS?**

5 **A.** Beginning in 2005, in order to begin the process of fully implementing our energy
6 management system, Wal-Mart had discussions with a number of companies as to whether or not
7 they could develop a meter that would assist us with this effort. Eventually, Wal-Mart contacted
8 a firm willing and able to develop an advanced meter to fit our needs. Our energy management
9 system allows us to make a number of adjustments to various electrical outputs in our stores
10 from our headquarters in Bentonville, Arkansas. Those adjustments primarily include the
11 reduction of lighting, changes to the HVAC settings, and adjustments to the set points of our
12 refrigeration systems, all of which are invaluable to a successful demand response program. Our
13 energy management system also allows us to know if a particular system is deviating from
14 normal conditions due to a need for repairs or a refrigerator door being ajar. In combination with
15 a sophisticated advanced metering system that we pair with our energy management system in
16 multiple locations, Wal-Mart can quickly determine whether the opportunity for maximum
17 reduction opportunities with demand response exist within our lighting, HVAC, refrigeration, or
18 other systems that we may choose to include in our monitoring. Our advanced meters also allow
19 us to take full advantage of demand response programs. We currently participate in programs in
20 Connecticut through the New England-Independent System Operator, California, Illinois,
21 Arkansas, Missouri, and Texas.

22 **Q. WHERE DOES WAL-MART CURRENTLY USE ITS OWN METERS?**

23 **A.** We currently have approximately 350 of our locations metered and are in the planning
24 process of currently installing 400 meters at various locations all over the country. This includes

1 over 35 locations in the State of Connecticut. We are also in the process of installing new meters
2 in the State of New York. We have not yet metered in South Carolina, although it is our
3 intention to eventually meter all of our stores. We will install meters first at the locations that
4 give us the best financial return on our investment. For example, in Connecticut, which has one
5 of the most aggressive demand response programs in the country, Wal-Mart receives capacity
6 payments and energy payments for participating in demand response. Such capacity payments
7 and energy payments help offer an expedient payback to metering and equipment costs.

8 **Q. WHAT IS WAL-MART'S POSITION AS TO METER INSTALLATION, METER**
9 **OWNERSHIP, AND PAYMENT FOR THE METERS.**

10 **A.** It is the position of Wal-Mart that if a customer invests in significant capital costs for
11 energy efficiency measures, a surcharge on a utility bill for the same purpose would be punitive.
12 That is, the customer would be paying again for the cost of equipment that we plan to install or
13 have already installed in multiple locations. If a surcharge is added to bills, customers should be
14 allowed to self direct those funds. In other words, customers should be allowed to direct those
15 funds contributed through the surcharge back into the respective customer's facility for energy
16 efficiency investments. In terms of regulatory consistency, a consumer should be able to install
17 its own meters provided those meters meet or exceed the standards of the utilities' meters or
18 standards set by this Commission. Wal-Mart also feels very strongly that consumers who have
19 their own meters should not have to pay, either through a surcharge or otherwise, for utility
20 owned or supplied meters.

21 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

22 **A.** Yes, other than to thank the Commission and Staff for allowing me to be here today.

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CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that (s)he has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of the same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005

DOCKET No. 2005-386-E

PARTIES SERVED: Catherine D. Taylor, Esquire
SCANA Services, Inc.
1426 Main Street
M/C – 130
Columbia, SC 29201

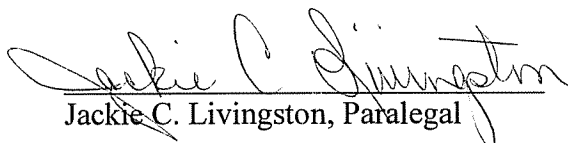
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PLEADING: DIRECT TESTIMONY OF KENNETH BAKER

April 20, 2007


Jackie C. Livingston, Paralegal

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